



SCHEDULE B

2014/15 ADJUSTMENT BUDGET
AND SUPPORTING
DOCUMENTATION OF
OKHAHLAMBA LOCAL
MUNICIPALITY

ADJUSTMENT BUDGET OF
OKHAHLAMBA LOCAL MUNICIPALITY A

2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee	MPRA	Municipal Properties Rates Act
CFO	Chief Financial Officer	MSA	Municipal Systems Act
MM	Municipal Manager	MTEF	Medium-term Expenditure Framework
CPI	Consumer Price Index	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	OP	Operational Plan
M	Mayor	PBO	Public Benefit Organisations
FBS	Free basic services	PMS	Performance Management System
GAMAP	Generally Accepted Municipal Accounting Practice	PPE	Property Plant and Equipment
GDP	Gross domestic product	DC	District
GFS	Government Financial Statistics	SALGA	South African Local Government Association
GRAP	General Recognised Accounting Practice	SAPS	South African Police Service
HR	Human Resources	SDBIP	Service Delivery Budget Implementation Plan
IDP	Integrated Development Strategy	SMME	Small Micro and Medium Enterprises
EXCO	Executive Council Committee		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		

Part 1 – Annual Budget

1.1 Mayor's Report

MAYORAL 2014/15 ADJUSTMENT BUDGET SPEECH

Honourable Speaker, Cllr G Ndaba

Deputy Mayor of Okhahlamba Local Municipality: Cllr SZ Khumalo

Members of the Council of Okhahlamba Local Municipality

Councillors present

Officials and all protocol observed

Greetings to all

Chairperson, Mr Speaker, I would like to greet you and all members of the council, officials and all stakeholders representatives, and I hereby present Adjustment Budget for 2014/2015 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 28 (2) of MFMA in relation to the tabling of Adjustment Budget, I would like to highlight the following items:

This Adjustment Budget has a surplus of R 2.2 million

Total Revenue

	Annual Budget(Revenue)	Adjustment Budget (Revenue)
Operating Budget	R 133 million	R 128 million
Capital Budget Expenditure	R 48 million	R 67 million
Total Budget	R 181 million	R 195 million

Total Expenditure

	Annual Budget(Expenditure)	Adjustment Budget (Exp)
Operating Budget	R 115 million	R 126 million
Capital Budget Expenditure	R 48 million	R 67 million
Total Budget	R 163 million	R 193 million

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (TC/RM 5 of 2014/15) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community, Councillors I would also like to highlight this, Okhahlamba Local Municipality has archived 60% spending in first six months of this financial year on Municipal Infrastructure Grant of which it is a good performance in terms of community service delivery which is the priority of Umkhandlu wasoKhahlamba. I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community and for Umkhandlu wasoKhahlamba to achieve Clean Audit report this year because we did not manage to maintain our report last year we regress from clean to unqualified, I thank you for this wonderful opportunity granted to me to present this Budget to the Council of Okhahlamba.

Thank you.

1. CAPITAL BUDGET

An adjustment Budget has increase by R 19.5 million

Adjustment Capital Budget					
DEPARTMENT	Budget Amount	Adjustment	Adjustment Budgte	Funding Source	
COUNCIL	8 000 000.00	-	8 000 000.00	Own Funding	
Purchase of building	7 500 000.00	-	7 500 000.00	Own Funding	
Vehicles	500 000.00	-	500 000.00	Own Funding	
FINANCE	400 000.00	-	400 000.00		
Financial System	400 000.00	-	400 000.00	Own Funding	
			-		
			-		
SOCIAL	1 000 000.00	595 500.00	1 595 500.00		
Winterton Craft Hub	1 000 000.00	-	1 000 000.00	Own Funding	
Vehicle		495 500.00	495 500.00	Own Funding	
Trafman System		100 000.00	100 000.00	Own Funding	
TECHNICAL	39 012 352.00	18 915 000.00	57 927 352.00		
Cemetery	500 000.00		500 000.00	Own Funding	
Khethni community hall	6 000 000.00		6 000 000.00	MIG	
Bergville tarred road	4 125 000.00		4 125 000.00	MIG	
Mahambehlala gravel road	2 464 780.00		2 464 780.00	MIG	
Magamangozi hall	1 905 308.00		1 905 308.00	MIG	
KwaSgubudu Vehicle bridge	1 200 000.00		1 200 000.00	MIG	
Emafusini gravel	2 381 712.00		2 381 712.00	MIG	
Sthebe gravel	2 471 962.00		2 471 962.00	MIG	
Ntabeni gravel	1 454 840.00		1 454 840.00	MIG	
reserve c gravel	1 308 750.00		1 308 750.00	MIG	
Grave roads rehab	3 000 000.00		3 000 000.00	MIG	
Bergville taxi rank lights long distance	200 000.00		200 000.00	Own Funding	
Construction of foot bridges	2 000 000.00	1 000 000.00	3 000 000.00	Own Funding	
Electrification	6 000 000.00		6 000 000.00	INEC	
Constr of Vehicle testing, licensing & disas	4 000 000.00		4 000 000.00	Small Town	
Office Furniture		100 000.00	100 000.00	Own Funding	
Vehicle		450 000.00	450 000.00	Own Funding	
Cemetery Fencing		500 000.00	500 000.00	Own Funding	
Refuse Bins		500 000.00	500 000.00	Own Funding	
Electrification		6 500 000.00	6 500 000.00	Own Funding	
Khethani Market Stalls		1 000 000.00	1 000 000.00	Own Funding	
Sports Complex		4 765 000.00	4 765 000.00	Provincial Funding	
		4 100 000.00	4 100 000.00	Small Town	

The 2014-2015 Adjustment Budget:

2. OPERATIONAL BUDGET

Council has approved funding for provision of bad debt, indigency provision and debt impairment to cushion against any shortfall in anticipated revenue. The indigent register is the process of completion which once the process is finalized council has to decide on the way forward. This would require council to conclude on whether we impose an automatic indigent on the bases of property values or by application or a combination of both.

REVENUE AND EXPENDITURE

In the projection of our income the following has been taken into consideration:

- The ability of the community to pay for services received
- The effect on the consumer accounts
- The realistic revenue estimates taking into consideration actual income available and estimates growth percentage
- Identification of grants from National and other agencies
- The impact of the inflation and costs increase
- The requirements of the tariff policy
- Municipal Property Rates Policies
- Credible collection rates and collection improvements targets

The municipal revenue is based on rates and refuse collection services. There is a projected increase in rates of 6.2%, which will allow the rate payers, especially residents to pay for their rates. There has been resistance by the public in the payment of rates, this due to the history of non-delivery of services in the municipality. Refuse tariff will further increase by the same margin 6.2%. In the Adjustment we also consider the revenue that is over collected in the first six months .

In closing, the municipality intends to ensure that we remain focus in costs cutting measures that do not add value to services delivery. Furthermore, there is a drive to achieve at least R44 000 000 in a long term-investment, and thus shall maintain our gearing at 50%, liquidity ratio at 2.5 and our asset ratio at 4.1.

1.2 Council Resolutions

EXTRACT OF THE RESOLUTION FROM THE MINUTES OF A SPECIAL COUNCIL MEETING HELD ON THURSDAY THE 22ND JANUARY 2015 IN THE MUNICIPAL COUNCIL CHAMBER, NO. 259 KINGSWAY STREET, BERGVILLE AT 09H00

10.5 Adjustment Budget 2014/ 2015 Financial Year

The Chief Financial Officer, Mr. S. B. Ndabandaba elaborated as per the report and adjusted budget which was projected on the wall and also attached in the Executive Committee agenda dated the 21st January 2015.

Following a proposal from Councillor K. Simelane seconded by Councillor M. N. Dubazana.

It was accordingly;

RESOLVED THAT:

The adjustment budget 2014/ 2015 Financial Year be approved.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Okhahlamba financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Okhahlamba business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars and Provincial Treasury Circular No 5 of 2014/15 were used to guide the compilation of the Adjustment Budget

The main challenges experienced during the compilation of the 2014/15 Adjustment Budget were summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2014/15 Adjustment Budget

- The 2014/15 Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted as the upper limits for the new baselines for the 2014/15 Adjustment budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk

water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Adjustment Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the B1

KZN235 Okhahlamba - Table B1 Adjustments Budget Summary -

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	29 388	-	-	-	-	-	1 367	1 367	30 755	30 991	32 682
Service charges	365	-	-	-	-	-	-	-	365	385	406
Investment revenue	2 000	-	-	-	-	-	140	140	2 140	3 557	3 749
Transfers recognised - operational	84 307	-	-	-	-	-	7 824	7 824	92 131	102 017	98 089
Other own revenue	17 654	-	-	-	-	-	(14 488)	(14 488)	3 166	1 888	1 990
Total Revenue (excluding capital transfers and contributions)	133 714	-	-	-	-	-	(5 158)	(5 158)	128 557	138 838	136 915
Employee costs	39 011	-	-	-	-	-	2 655	2 655	41 667	41 484	44 483
Remuneration of councillors	7 154	-	-	-	-	-	186	186	7 340	7 612	8 099
Depreciation & asset impairment	12 230	-	-	-	-	-	-	-	12 230	21 770	22 946
Finance charges	2 298	-	-	-	-	-	-	-	2 298	2 025	1 642
Materials and bulk purchases	10 930	-	-	-	-	-	631	631	11 561	731	771
Transfers and grants	-	-	-	-	-	-	2 124	2 124	2 124	7 628	8 040
Other expenditure	43 490	-	-	-	-	-	5 618	5 618	49 107	47 832	50 949
Total Expenditure	115 112	-	-	-	-	-	11 213	11 213	126 326	129 082	136 929
Surplus/(Deficit)	18 602	-	-	-	-	-	(16 371)	(16 371)	2 231	9 756	(14)
Transfers recognised - capital	32 537	-	-	-	-	-	14 477	14 477	47 014	39 689	40 783
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	51 139	-	-	-	-	-	(1 894)	(1 894)	49 245	49 445	40 769
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	51 139	-	-	-	-	-	(1 894)	(1 894)	49 245	49 445	40 769
Capital expenditure & funds sources											
Capital expenditure	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Transfers recognised - capital	32 537	-	-	-	-	-	8 100	8 100	40 637	39 689	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 875	-	-	-	-	-	10 611	10 611	26 486	19 970	4 500
Total sources of capital funds	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Financial position											
Total current assets	60 988	-	-	-	-	-	-	-	60 988	67 109	64 199
Total non current assets	193 199	-	-	-	-	-	19 928	19 928	213 127	241 806	235 080
Total current liabilities	5 800	-	-	-	-	-	-	-	5 800	5 532	5 277
Total non current liabilities	20 143	-	-	-	-	-	-	-	20 143	15 492	9 940
Community wealth/Equity	228 244	-	-	-	-	-	-	-	228 244	287 891	284 062
Cash flows											
Net cash from (used) operating	45 040	-	-	-	-	-	22 435	22 435	67 475	65 881	60 220
Net cash from (used) investing	(32 550)	-	-	-	-	-	(57 883)	(57 883)	(90 433)	(59 569)	(4 500)
Net cash from (used) financing	(4 300)	-	-	-	-	-	2 407	2 407	(1 893)	(4 532)	(4 777)
Cash/cash equivalents at the year end	73 578	-	-	-	-	-	(55 631)	(55 631)	17 947	75 358	126 301
Cash backing/surplus reconciliation											
Cash and investments available	48 488	-	-	-	-	-	-	-	48 488	56 459	55 469
Application of cash and investments	(3 679)	-	-	-	-	-	(6 144)	(6 144)	(9 823)	(6 210)	(5 410)
Balance - surplus (shortfall)	52 167	-	-	-	-	-	6 144	6 144	58 311	62 669	60 879
Asset Management											
Asset register summary (WDV)	193 199	-	-	-	-	-	19 928	19 928	213 127	241 806	235 080
Depreciation & asset impairment	12 230	-	-	-	-	-	-	-	12 230	21 770	22 946
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	10 236	-	-	-	-	-	-	-	10 236	10 789	11 372

Total operating revenue has drop to R 128 million form R 133 million when we compere the Annual and Adjustment Budget

Total operating expenditure has increase to R 115 million from R 126 million when we compere the Annual and Adjustment Budget

The capital budget has increase to R 67million from R48 when we compere the Annual and Adjustment Budget

Operating Revenue Framework

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Okhahlamba and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Okhahlamba Local Municipality .

The following table is a summary of the (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN235 Okhahlamba - Table B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		1, 4	5	6	7	8	9	10	11	12		
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		129 976	-	-	-	-	-	(5 335)	(5 335)	124 640	136 236	134 990
Executive and council		95 497	-	-	-	-	-	(13 801)	(13 801)	81 695	98 395	98 164
Budget and treasury office		34 479	-	-	-	-	-	2 546	2 546	37 025	37 841	36 827
Corporate services		-	-	-	-	-	-	5 920	5 920	5 920	-	-
<i>Community and public safety</i>		2 083	-	-	-	-	-	169	169	2 252	2 078	1 373
Community and social services		2 083	-	-	-	-	-	169	169	2 252	2 078	1 373
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 803	-	-	-	-	-	14 746	14 746	48 549	39 802	40 902
Planning and development		33 803	-	-	-	-	-	14 746	14 746	48 549	39 802	40 902
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		390	-	-	-	-	-	(261)	(261)	129	411	433
Total Revenue - Standard	2	166 251	-	-	-	-	-	9 319	9 319	175 571	178 527	177 698
Expenditure - Standard												
<i>Governance and administration</i>		71 843	-	-	-	-	-	2 623	2 623	74 466	76 124	80 031
Executive and council		23 328	-	-	-	-	-	2 054	2 054	25 382	24 692	26 137
Budget and treasury office		28 495	-	-	-	-	-	(716)	(716)	27 779	29 701	30 881
Corporate services		20 019	-	-	-	-	-	1 285	1 285	21 305	21 730	23 013
<i>Community and public safety</i>		10 273	-	-	-	-	-	5 807	5 807	16 081	10 866	11 493
Community and social services		10 273	-	-	-	-	-	5 807	5 807	16 081	10 866	11 493
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		31 741	-	-	-	-	-	2 201	2 201	33 942	40 763	43 996
Planning and development		31 741	-	-	-	-	-	2 201	2 201	33 942	40 763	43 996
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		1 256	-	-	-	-	-	582	582	1 838	1 330	1 409
Total Expenditure - Standard	3	115 112	-	-	-	-	-	11 214	11 214	126 326	129 082	136 929
Surplus/ (Deficit) for the year		51 139	-	-	-	-	-	(1 894)	(1 894)	49 244	49 445	40 769

Table 3 Percentage growth in revenue by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 4 Operating Transfers and Grant Receipts

KZN235 Okhahlamba - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2014/15							Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 7 A1	Multi-year capital 8 B	Nat. or Prov. Govt 9 C	Other Adjusts. 10 D	Total Adjusts. 11 E	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
		A								
R thousands										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		83 162	-	-	-	-	-	83 162	100 927	97 758
Local Government Equitable Share		79 269					-	79 269	98 010	97 758
EPWP	3	1 159					-	1 159		
Finance Management		1 800					-	1 800	1 950	
Municipal Systems Improvement		934					-	934	967	
Sports Grant							-	-		
Other transfers and grants [insert description]							-	-		
Provincial Government:		1 145	-	-	-	7 824	7 824	8 969	1 090	331
Provincialisation of Library		700					-	700	776	
Library Subsidy		146					-	146		
Museum subsidy	4	299					-	299	314	331
Sport and Recreation						151	151			
LGSeta and Cable car subsidy	5					7 673	7 673	7 673		
District Municipality:		-	-	-	-	-	-	-	-	-
							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Operating Transfers and Grants	6	84 307	-	-	-	7 824	7 824	92 131	102 017	98 089
<u>Capital Transfers and Grants</u>										
National Government:		32 537	-	-	-	1 612	1 612	34 149	39 689	40 783
Municipal Infrastructure Grant (MIG)		26 537				1 612	-	26 537	27 689	28 783
Disaster							1 612			
							-	-		
							-	-		
National electrification Programme		6 000					-	6 000	12 000	12 000
Provincial Government:		-	-	-	-	12 865	12 865	12 865	-	-
Smalltown						8 100	8 100	8 100		
Corridor Development						4 765	4 765	4 765		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Capital Transfers and Grants	6	32 537	-	-	-	14 477	14 477	47 014	39 689	40 783
TOTAL RECEIPTS OF TRANSFERS & GRANTS		116 844	-	-	-	22 301	22 301	139 145	141 706	138 872

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- R 85.80 rebate for first R15000 will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 6.2 % increase from 1 July 2014 is contained below:

Table 5 Comparison of proposed rates to levied for the 2011/12 financial year

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	c	C
Residential properties	0.0062	0.01
State owned properties	0.0062	0.01
Business & Commercial	0.0062	0.01
Agricultural	0,00155	0,00164
Vacant land	0.0062	.0.01
Municipal rateable	0.0062	0.01
Industrial	0.0062	0.01

1.3.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6.2% increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6.2% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.4 Operating Expenditure Framework

Okhahlamba expenditure framework for the 2014/15 Adjustment Budget is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The budgeted allocation for employee related costs for the 2014/15 Adjustment Budget totals R41 million, which equals 33% of the total operating expenditure

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling Okhahlamba Local Municipality budget.

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2014/15 budget and Adjustment provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 20 000 or more indigent households during the 204/15 financial year, a process reviewed annually

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

For 2014/15 Adjustment an amount of R67 Million has been appropriated for the development of infrastructure.

1.6 Adjustment Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and Adjustment Budget as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 6 MBRR Table B1 - Budget Summary

KZN235 Okhahlamba - Table B1 Adjustments Budget Summary -

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	29 388	-	-	-	-	-	1 367	1 367	30 755	30 991	32 682
Service charges	365	-	-	-	-	-	-	-	365	385	406
Investment revenue	2 000	-	-	-	-	-	140	140	2 140	3 557	3 749
Transfers recognised - operational	84 307	-	-	-	-	-	7 824	7 824	92 131	102 017	98 089
Other own revenue	17 654	-	-	-	-	-	(14 488)	(14 488)	3 166	1 888	1 990
Total Revenue (excluding capital transfers and contributions)	133 714	-	-	-	-	-	(5 158)	(5 158)	128 557	138 838	136 915
Employee costs	39 011	-	-	-	-	-	2 655	2 655	41 667	41 484	44 483
Remuneration of councillors	7 154	-	-	-	-	-	186	186	7 340	7 612	8 099
Depreciation & asset impairment	12 230	-	-	-	-	-	-	-	12 230	21 770	22 946
Finance charges	2 298	-	-	-	-	-	-	-	2 298	2 025	1 642
Materials and bulk purchases	10 930	-	-	-	-	-	631	631	11 561	731	771
Transfers and grants	-	-	-	-	-	-	2 124	2 124	2 124	7 628	8 040
Other expenditure	43 490	-	-	-	-	-	5 618	5 618	49 107	47 832	50 949
Total Expenditure	115 112	-	-	-	-	-	11 213	11 213	126 326	129 082	136 929
Surplus/(Deficit)	18 602	-	-	-	-	-	(16 371)	(16 371)	2 231	9 756	(14)
Transfers recognised - capital	32 537	-	-	-	-	-	14 477	14 477	47 014	39 689	40 783
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	51 139	-	-	-	-	-	(1 894)	(1 894)	49 245	49 445	40 769
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	51 139	-	-	-	-	-	(1 894)	(1 894)	49 245	49 445	40 769
Capital expenditure & funds sources											
Capital expenditure	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Transfers recognised - capital	32 537	-	-	-	-	-	8 100	8 100	40 637	39 689	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 875	-	-	-	-	-	10 611	10 611	26 486	19 970	4 500
Total sources of capital funds	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Financial position											
Total current assets	60 988	-	-	-	-	-	-	-	60 988	67 109	64 199
Total non current assets	193 199	-	-	-	-	-	19 928	19 928	213 127	241 806	235 080
Total current liabilities	5 800	-	-	-	-	-	-	-	5 800	5 532	5 277
Total non current liabilities	20 143	-	-	-	-	-	-	-	20 143	15 492	9 940
Community wealth/Equity	228 244	-	-	-	-	-	-	-	228 244	287 891	284 062
Cash flows											
Net cash from (used) operating	45 040	-	-	-	-	-	22 435	22 435	67 475	65 881	60 220
Net cash from (used) investing	(32 550)	-	-	-	-	-	(57 883)	(57 883)	(90 433)	(59 569)	(4 500)
Net cash from (used) financing	(4 300)	-	-	-	-	-	2 407	2 407	(1 893)	(4 532)	(4 777)
Cash/cash equivalents at the year end	73 578	-	-	-	-	-	(55 631)	(55 631)	17 947	75 358	126 301
Cash backing/surplus reconciliation											
Cash and investments available	48 488	-	-	-	-	-	-	-	48 488	56 459	55 469
Application of cash and investments	(3 679)	-	-	-	-	-	(6 144)	(6 144)	(9 823)	(6 210)	(5 410)
Balance - surplus (shortfall)	52 167	-	-	-	-	-	6 144	6 144	58 311	62 669	60 879
Asset Management											
Asset register summary (WDV)	193 199	-	-	-	-	-	19 928	19 928	213 127	241 806	235 080
Depreciation & asset impairment	12 230	-	-	-	-	-	-	-	12 230	21 770	22 946
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	10 236	-	-	-	-	-	-	-	10 236	10 789	11 372

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 7 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN235 Okhahlamba - Table B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		1, 4	5	6	7	8	9	10	11	12		
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		129 976	-	-	-	-	-	(5 335)	(5 335)	124 640	136 236	134 990
Executive and council		95 497	-	-	-	-	-	(13 801)	(13 801)	81 695	98 395	98 164
Budget and treasury office		34 479	-	-	-	-	-	2 546	2 546	37 025	37 841	36 827
Corporate services		-	-	-	-	-	-	5 920	5 920	5 920	-	-
<i>Community and public safety</i>		2 083	-	-	-	-	-	169	169	2 252	2 078	1 373
Community and social services		2 083	-	-	-	-	-	169	169	2 252	2 078	1 373
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 803	-	-	-	-	-	14 746	14 746	48 549	39 802	40 902
Planning and development		33 803	-	-	-	-	-	14 746	14 746	48 549	39 802	40 902
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		390	-	-	-	-	-	(261)	(261)	129	411	433
Total Revenue - Standard	2	166 251	-	-	-	-	-	9 319	9 319	175 571	178 527	177 698
Expenditure - Standard												
<i>Governance and administration</i>		71 843	-	-	-	-	-	2 623	2 623	74 466	76 124	80 031
Executive and council		23 328	-	-	-	-	-	2 054	2 054	25 382	24 692	26 137
Budget and treasury office		28 495	-	-	-	-	-	(716)	(716)	27 779	29 701	30 881
Corporate services		20 019	-	-	-	-	-	1 285	1 285	21 305	21 730	23 013
<i>Community and public safety</i>		10 273	-	-	-	-	-	5 807	5 807	16 081	10 866	11 493
Community and social services		10 273	-	-	-	-	-	5 807	5 807	16 081	10 866	11 493
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		31 741	-	-	-	-	-	2 201	2 201	33 942	40 763	43 996
Planning and development		31 741	-	-	-	-	-	2 201	2 201	33 942	40 763	43 996
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		1 256	-	-	-	-	-	582	582	1 838	1 330	1 409
Total Expenditure - Standard	3	115 112	-	-	-	-	-	11 214	11 214	126 326	129 082	136 929
Surplus/ (Deficit) for the year		51 139	-	-	-	-	-	(1 894)	(1 894)	49 244	49 445	40 769

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 8 MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN235 Okhahlamba - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

KENYAN GOVERNMENT - Table B3 Adjustments Budget Financial Performance (Revenue and expenditure by municipal vote) -												
Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2014/15								Budget Year +1 2015/16	Budget Year +2 2016/17	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Revenue by Vote	1											
Vote 1 - Council		95 497	-	-	-	-	-	(13 801)	(13 801)	81 695	98 395	98 164
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	5 920	5 920	5 920	-	-
Vote 4 - Finance		34 479	-	-	-	-	-	2 546	2 546	37 025	37 841	36 827
Vote 5 - Tourism		390	-	-	-	-	-	(261)	(261)	129	411	433
Vote 6 - Library		873	-	-	-	-	-	18	18	891	805	30
Vote 7 - Museum		299	-	-	-	-	-	-	-	299	314	331
Vote 8 - Social Services		-	-	-	-	-	-	151	151	151	-	-
Vote 9 - Traffic		911	-	-	-	-	-	-	-	911	960	1 012
Vote 10 - Technical		33 803	-	-	-	-	-	14 746	14 746	48 549	39 802	40 902
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	166 251	-	-	-	-	-	9 319	9 319	175 571	178 527	177 698
Expenditure by Vote	1											
Vote 1 - Council		18 273	-	-	-	-	-	1 027	1 027	19 299	19 331	20 451
Vote 2 - Municipal Manager		5 055	-	-	-	-	-	1 027	1 027	6 082	5 361	5 686
Vote 3 - Corporate		20 019	-	-	-	-	-	1 285	1 285	21 305	21 730	23 013
Vote 4 - Finance		28 495	-	-	-	-	-	(716)	(716)	27 779	29 701	30 881
Vote 5 - Tourism		1 256	-	-	-	-	-	582	582	1 838	1 330	1 409
Vote 6 - Library		1 075	-	-	-	-	-	22	22	1 097	1 143	1 214
Vote 7 - Museum		453	-	-	-	-	-	-	-	453	482	513
Vote 8 - Social Services		4 754	-	-	-	-	-	6 444	6 444	11 198	5 010	5 281
Vote 9 - Traffic		3 992	-	-	-	-	-	(659)	(659)	3 333	4 231	4 485
Vote 10 - Technical		31 741	-	-	-	-	-	2 201	2 201	33 942	40 763	43 996
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	115 112	-	-	-	-	-	11 214	11 214	126 326	129 082	136 929
Surplus/ (Deficit) for the year	2	51 139	-	-	-	-	-	(1 894)	(1 894)	49 244	49 445	40 769

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 9 MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

KZN235 Okhahlamba - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	27 566	–	–	–	–	–	–	–	27 566	29 070	30 657
Property rates - penalties & collection charges		1 823						1 367	1 367	3 189	1 921	2 025
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	365	–	–	–	–	–	–	–	365	385	406
Service charges - other												
Rental of facilities and equipment		10						89	89	99	11	11
Interest earned - external investments		2 000						140	140	2 140	3 557	3 749
Interest earned - outstanding debtors												
Dividends received												
Fines		350						4	4	354	369	389
Licences and permits		263						246	246	509	277	292
Agency services		861						(270)	(270)	591	907	956
Transfers recognised - operating		84 307						7 824	7 824	92 131	102 017	98 089
Other revenue	2	16 170	–	–	–	–	–	(14 784)	(14 784)	1 385	324	341
Gains on disposal of PPE								228	228	228		
Total Revenue (excluding capital transfers and contributions)		133 714	–	–	–	–	–	(5 158)	(5 158)	128 557	138 838	136 915
Expenditure By Type												
Employee related costs		39 011	–	–	–	–	–	2 655	2 655	41 667	41 484	44 483
Remuneration of councillors		7 154						186	186	7 340	7 612	8 099
Debt impairment		4 322						–	–	4 322	4 556	4 802
Depreciation & asset impairment		12 230	–	–	–	–	–	–	–	12 230	21 770	22 946
Finance charges		2 298						–	–	2 298	2 025	1 642
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–
Other materials		10 930						631	631	11 561	731	771
Contracted services		2 871	–	–	–	–	–	674	674	3 545	3 026	3 189
Transfers and grants								2 124	2 124	2 124	7 628	8 040
Other expenditure		36 296	–	–	–	–	–	4 944	4 944	41 240	40 250	42 958
Loss on disposal of PPE												
Total Expenditure		115 112	–	–	–	–	–	11 213	11 213	126 326	129 082	136 929
Surplus/(Deficit)		18 602	–	–	–	–	–	(16 371)	(16 371)	2 231	9 756	(14)
Transfers recognised - capital		32 537						14 477	14 477	47 014	39 689	40 783
Contributions												
Contributed assets												
Surplus/(Deficit) before taxation		51 139	–	–	–	–	–	(1 894)	(1 894)	49 245	49 445	40 769
Taxation												
Surplus/(Deficit) after taxation		51 139	–	–	–	–	–	(1 894)	(1 894)	49 245	49 445	40 769
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		51 139	–	–	–	–	–	(1 894)	(1 894)	49 245	49 445	40 769
Share of surplus/ (deficit) of associate												
Surplus/ (Deficit) for the year		51 139	–	–	–	–	–	(1 894)	(1 894)	49 245	49 445	40 769

Table 10 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN235 Okhahlamba - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Tourism		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Museum		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Traffic		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Council		8 000	-	-	-	-	-	-	-	8 000	-	2 500
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance		400	-	-	-	-	-	-	-	400	1 000	-
Vote 5 - Tourism		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Museum		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Social Services		1 000	-	-	-	-	-	(405)	(405)	596	1 000	-
Vote 9 - Traffic		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical		39 012	-	-	-	-	-	19 115	19 115	58 127	57 659	2 000
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Total Capital Expenditure - Vote		48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Capital Expenditure - Standard												
Governance and administration		8 400	-	-	-	-	-	-	-	8 400	2 000	2 500
Executive and council		8 000						-	-	8 000	1 000	2 500
Budget and treasury office		400						-	-	400	1 000	
Corporate services		-								-		
Community and public safety		1 000	-	-	-	-	-	(405)	(405)	596	7 500	-
Community and social services		1 000						(405)	(405)	596	7 500	
Sport and recreation										-		
Public safety										-		
Housing										-		
Health										-		
Economic and environmental services		39 012	-	-	-	-	-	19 115	19 115	58 127	50 159	2 000
Planning and development		39 012						19 115	19 115	58 127	50 159	2 000
Road transport									-	-		
Environmental protection									-	-		
Trading services		-	-	-	-	-	-	-	-	-	-	-
Electricity									-	-		
Water									-	-		
Waste water management									-	-		

Table 11 MBRR Table B6 - Budgeted Financial Position

KZN235 Okhahlamba - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		8 488							-	8 488	11 459	15 469
Call investment deposits	1	40 000	-	-	-	-	-	-	-	40 000	45 000	40 000
Consumer debtors	1	10 000	-	-	-	-	-	-	-	10 000	8 000	6 000
Other debtors		2 500							-	2 500	2 650	2 730
Current portion of long-term receivables									-	-		
Inventory									-	-		
Total current assets		60 988	-	-	-	-	-	-	-	60 988	67 109	64 199
Non current assets												
Long-term receivables									-	-		
Investments									-	-		
Investment property									-	-		
Investment in Associate									-	-		
Property, plant and equipment	1	192 799	-	-	-	-	-	19 928	19 928	212 727	241 806	235 080
Agricultural									-	-		
Biological									-	-		
Intangible		400							-	400		
Other non-current assets									-	-		
Total non current assets		193 199	-	-	-	-	-	19 928	19 928	213 127	241 806	235 080
TOTAL ASSETS		254 187	-	-	-	-	-	19 928	19 928	274 115	308 915	299 279
LIABILITIES												
Current liabilities												
Bank overdraft									-	-		
Borrowing		4 300	-	-	-	-	-	-	-	4 300	4 532	4 777
Consumer deposits									-	-		
Trade and other payables		1 500	-	-	-	-	-	-	-	1 500	1 000	500
Provisions									-	-		
Total current liabilities		5 800	-	-	-	-	-	-	-	5 800	5 532	5 277
Non current liabilities												
Borrowing	1	17 506	-	-	-	-	-	-	-	17 506	12 855	7 303
Provisions	1	2 637	-	-	-	-	-	-	-	2 637	2 637	2 637
Total non current liabilities		20 143	-	-	-	-	-	-	-	20 143	15 492	9 940
TOTAL LIABILITIES		25 943	-	-	-	-	-	-	-	25 943	21 025	15 217
NET ASSETS	2	228 244	-	-	-	-	-	19 928	19 928	248 172	287 891	284 062
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		228 244	-	-	-	-	-	-	-	228 244	287 891	284 062
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		228 244	-	-	-	-	-	-	-	228 244	287 891	284 062

Table 12 MBRR Table B7 - Budgeted Cash Flow Statement

KZN235 Okhahlamba - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		19 643						11 208	11 208	30 851	22 520	23 747
Government - operating	1	84 307						7 824	7 824	92 131	102 017	98 089
Government - capital	1	32 537						14 477	14 477	47 014	39 689	40 783
Interest		2 000						140	140	2 140	3 870	4 079
Dividends												
Payments												
Suppliers and employees		(89 025)						(11 213)	(11 213)	(100 239)	(97 952)	(102 476)
Finance charges		(2 298)								(2 298)	(2 025)	(1 642)
Transfers and Grants	1	(2 124)								(2 124)	(2 239)	(2 360)
NET CASH FROM/(USED) OPERATING ACTIVITIES		45 040	-	-	-	-	-	22 435	22 435	67 475	65 881	60 220
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (Increase) other non-current receivables								(61 493)	(61 493)	(61 493)		
Decrease (Increase) in non-current investments		15 862						22 321	22 321	38 183		
Payments												
Capital assets		(48 412)						(18 711)	(18 711)	(67 123)	(59 569)	(4 500)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(32 550)	-	-	-	-	-	(57 883)	(57 883)	(90 433)	(59 569)	(4 500)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits									-	-		
Payments												
Repayment of borrowing		(4 300)						2 407	2 407	(1 893)	(4 532)	(4 777)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(4 300)	-	-	-	-	-	2 407	2 407	(1 893)	(4 532)	(4 777)
NET INCREASE/ (DECREASE) IN CASH HELD		8 190	-	-	-	-	-	(33 041)	(33 041)	(24 851)	1 779	50 943
Cash/cash equivalents at the year begin:	2	65 388						(22 590)	(22 590)	42 798	73 578	75 358
Cash/cash equivalents at the year end:	2	73 578						(55 631)		17 947	75 358	126 301

Table 13 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN235 Okhahlamba - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	73 578	-	-	-	-	-	(55 631)	(55 631)	17 947	75 358	126 301
Other current investments > 90 days		(25 090)	-	-	-	-	-	55 631	55 631	30 541	(18 899)	(70 831)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		48 488	-	-	-	-	-	-	-	48 488	56 459	55 469
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	(3 679)	-					(6 144)	(6 144)	(9 823)	(6 210)	(5 410)
Other provisions												
Long term investments committed		-	-					-	-	-	-	-
Reserves to be backed by cash/investments		-	-					-	-	-	-	-
Total Application of cash and investments:		(3 679)	-	-	-	-	-	(6 144)	(6 144)	(9 823)	(6 210)	(5 410)
Surplus(shortfall)		52 167	-	-	-	-	-	6 144	6 144	58 311	62 669	60 879

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. .

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 72 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 14 MBRR Table B9 - Asset Management

KZN235 Okhahlamba - Table B9 Asset Management -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 7	Accum. Funds 8	Multi-year capital 9	Unfore. Unavoid. 10	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
CAPITAL EXPENDITURE												
<u>Total New Assets to be adjusted</u>	1	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
Infrastructure - Road transport		20 407	-	-	-	-	-	1 000	1 000	21 407	19 800	-
Infrastructure - Electricity		6 200	-	-	-	-	-	6 500	6 500	12 700	2 500	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	2 000
Infrastructure		26 607	-	-	-	-	-	7 500	7 500	34 107	22 300	2 000
Community		13 405	-	-	-	-	-	10 065	10 065	23 470	37 359	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	8 000	-	-	-	-	-	1 146	1 146	9 146	-	2 500
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		400	-	-	-	-	-	-	-	400	-	-
<u>Total Renewal of Existing Assets to be adjusted</u>	2	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure to be adjusted</u>	4	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		20 407	-	-	-	-	-	1 000	1 000	21 407	19 800	-
Infrastructure - Electricity		6 200	-	-	-	-	-	6 500	6 500	12 700	2 500	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	2 000
Infrastructure		26 607	-	-	-	-	-	7 500	7 500	34 107	22 300	2 000
Community		13 405	-	-	-	-	-	10 065	10 065	23 470	37 359	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		8 000	-	-	-	-	-	1 146	1 146	9 146	-	2 500
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		400	-	-	-	-	-	-	-	400	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	48 412	-	-	-	-	-	18 711	18 711	67 123	59 659	4 500
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	26 550						35 273	35 273	61 823	28 261	
Infrastructure - Electricity		6 000						567	567	6 567	12 000	12 000
Infrastructure - Water												
Infrastructure - Sanitation												
Infrastructure - Other		41 380								41 380	67 704	71 721
Infrastructure		73 930	-	-	-	-	-	35 840	35 840	109 770	107 965	83 721
Community		7 762						10 065	10 065	17 827	21 000	2 000
Heritage assets												

Table 15 MBRR Table B10 - Basic Service Delivery Measurement

KZN235 Okhahlamba - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling									-	-		
Piped water inside yard (but not in dwelling)									-	-		
Using public tap (at least min.service level)	2								-	-		
Other water supply (at least min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3								-	-		
Other water supply (< min.service level)	3,4								-	-		
No water supply									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:												
Flush toilet (connected to sewerage)									-	-		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Energy:												
Electricity (at least min. service level)									-	-		
Electricity - prepaid (> min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min.service)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)									-	-		
Sanitation (free minimum level service)									-	-		
Electricity/other energy (50kwh per household per month)									-	-		
Refuse (removed at least once a week)									-	-		
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per household per month)									-	-		
Sanitation (free sanitation service)									-	-		
Electricity/other energy (50kwh per household per month)		2 124							-	2 124	2 239	2 360
Refuse (removed once a week)									-	-		
Total cost of FBS provided (minimum social package)		2 124	-	-	-	-	-	-	-	2 124	2 239	2 360
Highest level of free service provided												
Property rates (R'000 value threshold)									-	-		
Water (kilolitres per household per month)									-	-		
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

KZN235 Okhahlamba - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		A	7	8	9	10	11	12	13	14		
		A	A1	B	C	D	E	F	G	H		
Household service targets	1											
Water:												
Piped water inside dwelling									-	-		
Piped water inside yard (but not in dwelling)									-	-		
Using public tap (at least min.service level)	2								-	-		
Other water supply (at least min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3								-	-		
Other water supply (< min.service level)	3,4								-	-		
No water supply									-	-		
<i>Below Minimum Servic Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:												
Flush toilet (connected to sewerage)									-	-		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
<i>Below Minimum Servic Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Energy:												
Electricity (at least min. service level)									-	-		
Electricity - prepaid (> min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
<i>Below Minimum Servic Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min.service)									-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 Adjustment, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 Adjustment Budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF and Adjustment Budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF and Adjustment Budget :

- Okhahlamba growth
- Policy priorities and strategic objectives
- Asset maintenance
- The approved 2014/15 Approved budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities

- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

2.1.4 Community Consultation

- No community Consultation was done during the preparation of the adjustment but all things that was left during consultation for Annual Budget is addressed to this adjustment

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

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The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others;
 - Provide waste removal;
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality ;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;

- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipal ;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage,

the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Okhahlamba Local Municipality borrowing strategy is primarily informed by the affordability of debt repayments.

2.3.1.2 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.3 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality,

which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Okhahlamba business.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of rates, only registered indigents qualify for the free basic services.

2.4 Overview of budget related-policies

The Municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 %) of annual billings. Cash flow is assumed to be 60% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.2 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.3 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2014 and shall remain in force until 30 June 2015. Year three is an across the board increase of 6.89 %

2.4.4 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.5 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80% is achieved on operating expenditure and 90% on the capital programme for the 2014/15 Adjustment of which performance has been factored into the cash flow budget.

2.5 Overview of budget funding

2.5.1 Operating revenue, DORA Allocation,

Table 16 MBRR Table B7 - Budget cash flow statement

KZN235 Okhahlamba - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		19 643						11 208	11 208	30 851	22 520	23 747
Government - operating	1	84 307						7 824	7 824	92 131	102 017	98 089
Government - capital	1	32 537						14 477	14 477	47 014	39 689	40 783
Interest		2 000						140	140	2 140	3 870	4 079
Dividends									-	-		
Payments												
Suppliers and employees		(89 025)						(11 213)	(11 213)	(100 239)	(97 952)	(102 476)
Finance charges		(2 298)						-	-	(2 298)	(2 025)	(1 642)
Transfers and Grants	1	(2 124)						-	-	(2 124)	(2 239)	(2 360)
NET CASH FROM/(USED) OPERATING ACTIVITIES		45 040	-	-	-	-	-	22 435	22 435	67 475	65 881	60 220
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables								(61 493)	(61 493)	(61 493)		
Decrease (increase) in non-current investments		15 862						22 321	22 321	38 183		
Payments												
Capital assets		(48 412)						(18 711)	(18 711)	(67 123)	(59 569)	(4 500)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(32 550)	-	-	-	-	-	(57 883)	(57 883)	(90 433)	(59 569)	(4 500)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits									-	-		
Payments												
Repayment of borrowing		(4 300)						2 407	2 407	(1 893)	(4 532)	(4 777)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(4 300)	-	-	-	-	-	2 407	2 407	(1 893)	(4 532)	(4 777)
NET INCREASE/ (DECREASE) IN CASH HELD		8 190	-	-	-	-	-	(33 041)	(33 041)	(24 851)	1 779	50 943
Cash/cash equivalents at the year begin:	2	65 388						(22 590)	(22 590)	42 798	73 578	75 358
Cash/cash equivalents at the year end:	2	73 578	-	-	-	-	-	(55 631)		17 947	75 358	126 301

2.5.2 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 72 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash.

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examin

2.5.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.5.3.1 Cash/cash equivalent position

The Municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.5.3.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.5.3.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due

2.5.3.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.3.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.5.3.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.2, 95.3 and 95.6% for each of the respective financial years. Given that the assumed collection rate was based on a 95 % performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.3.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision

has been appropriated at 4.1, 4.0 and 4.0 %over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.5.3.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.5.3.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 9 per cent of own funded capital

2.5.3.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.5.3.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipal policy of settling debtors accounts within 30 days.

2.5.3.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.5.3.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.6 Expenditure on grants and reconciliations of unspent funds

- Expenditure on transfers and grant programmes

KZN235 Okhahlamba - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2014/15							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F	+1 2015/16	+2 2016/17
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		83 162	-	-	-	-	-	83 162	100 927	97 758
Local Government Equitable Share		79 269				-	-	79 269	98 010	97 758
EPWP		1 159				-	-	1 159		
Finance Management		1 800				-	-	1 800	1 950	
Municipal Systems Improvement		934				-	-	934	967	
Sports Grant						-	-	-		
Other transfers and grants [insert description]						-	-	-		
Provincial Government:		1 145	-	-	-	7 824	7 824	8 969	1 090	331
Provincialisation of Library		700				-	-	700	776	
Library Subsidy		146				-	-	146		
Museum subsidy		299				-	-	299	314	331
Sport and Recreation						151	151	151		
LGSeta and Cable car subsidy						7 673	7 673	7 673		
District Municipality:		-	-	-	-	-	-	-	-	-
		-				-	-	-		
		-				-	-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-		
						-	-	-		
Total operating expenditure of Transfers and Grants:		84 307	-	-	-	7 824	7 824	92 131	102 017	98 089
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		32 537	-	-	-	1 612	1 612	34 149	39 689	40 783
Municipal Infrastructure Grant (MIG)		26 537				-	-	26 537	27 689	28 783
Disaster						1 612	1 612	1 612		
						-	-	-		
						-	-	-		
National electrification Programme		6 000				-	-	6 000	12 000	12 000
Provincial Government:		-	-	-	-	12 865	12 865	12 865	-	-
Smalltown						8 100	8 100	8 100		
Corridor Development						4 765	4 765	4 765		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-		
						-	-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-		
						-	-	-		
Total capital expenditure of Transfers and Grants		32 537	-	-	-	14 477	14 477	47 014	39 689	40 783
Total capital expenditure of Transfers and Grants		116 844	-	-	-	22 301	22 301	139 145	141 706	138 872

2.7 Councillor and employee benefits

Summary of councillor and staff benefits

KZN235 Okhahlamba - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

Summary of remuneration	Ref	Budget Year 2014/15									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	A1	B	C	D	E	F	G	H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		5 033							-	5 033	0.0%
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Motor Vehicle Allowance		1 702						186	186	1 888	10.9%
Cellphone Allowance		370							-	370	
Housing Allowances									-	-	
Other benefits and allowances		49							-	49	
Sub Total - Councillors		7 154	-			-		186	186	7 340	2.6%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		2 196							-	2 196	0.0%
Pension and UIF Contributions		127							-	127	0.0%
Medical Aid Contributions		17							-	17	0.0%
Overtime									-	-	
Performance Bonus		325							-	325	
Motor Vehicle Allowance		548							-	548	0.0%
Cellphone Allowance									-	-	
Housing Allowances		288							-	288	
Other benefits and allowances		37							-	37	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
Sub Total - Senior Managers of Municipality		3 539	-	-		-		-	-	3 539	0.0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		24 367						2 104	2 104	26 471	8.6%
Pension and UIF Contributions		4 156						508	508	4 664	12.2%
Medical Aid Contributions		848						90	90	938	10.6%
Overtime		969						-	-	969	0.0%
Performance Bonus								-	-	-	
Motor Vehicle Allowance		1 945						(479)	(479)	1 465	-24.7%
Cellphone Allowance								-	-	-	
Housing Allowances		6						59	59	66	
Other benefits and allowances		2 388						-	-	2 388	
Payments in lieu of leave		590						282	282	872	47.8%
Long service awards		204						-	-	204	0.0%
Post-retirement benefit obligations	5							91	91	91	#DIV/0!
Sub Total - Other Municipal Staff		35 473	-	-	-	-	-	2 655	2 655	38 128	7.5%
% increase											
Total Parent Municipality		46 165	-	-	-	-	-	2 841	2 841	49 006	6.2%
Board Members of Entities											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	

2.8 Annual budgets and SDBIPs – internal departments

KZN235 Okhahlamba - Supporting Table SB3 Adjustments to the SDBIP - performance objectives -

Description	Unit of measurement	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget A	Prior Adjusted A1	Accum. Funds B	Multi-year capital C	Unfore. Unavoid. D	Nat. or Prov. Govt E	Other Adjusts. F	Total Adjusts. G	Adjusted Budget H	Adjusted Budget	Adjusted Budget
Vote 1 - vote name												
Municipal Transformation												
Corporate Services												
Amount spent on work Skills Plan	Actual Amount Spent	617						450	450	1 067	1 067	1 067
Municipal transformation												
Amount spent on SMME's and Co ops	Actual Amount spent	2 006						2 100	2 100	4 106	4 106	4 106
	Number of SMME's	0										
Service delivery												
Technical Department												
Reserve C Gravel road	Actual Amount spent	1 309							-	1 309	1 309	1 309
Service delivery												
FBE												
Social Services												
Amount spent on FBE	Actual amount spent	2 124							-	2 124	2 124	2 124
Bergville Taxi Rank Lights												
Amount spent on the service	Actual amount spent	200							-	200	200	200
Mahambehala Gravel Road												
	Actual amount spent	2 465							-	2 465	2 465	2 465
Kwasgubudu Vehicle bridge												
	Actual amount spent	1 200							-	1 200	1 200	1 200
service delivery												
Function 1 - (name)												
Cemeteries												
Amount spent on the cemeteries	Actual amount spent	500							-	500	500	500
Magangangozi community hall												
	Actual amount spent	1 905							-	1 905	1 905	1 905
Insert measure's description												
Khethani community hall												
	Actual amount spent	6 000							-	6 000	6 000	6 000
Sub-function 3 - (name)												
Disaster centre	Actual amount spent	4 000							-	4 000	4 000	4 000
Service delivery												
Construction of foot bridges												
	Amount spent	2 000							-	2 000	2 000	2 000
Insert measure's description												
Ntabeni Gravel road												
	Amount spent	1 455							-	1 455	1 455	1 455
Sub-function 2 - (name)												
Emafusini Gravel road	Amount spent	2 382							-	2 382	2 382	2 382
Technical Services												
Bergville tarred roads	Amount spent	4 125							-	4 125	4 125	4 125
Technical Services												
Gravel roads rehabilitation												
	Amount spent	3 000							-	3 000	3 000	3 000
Council												
JOB CREATION	Number of opportunities	2							-	2	2	2
Council												
LED Projects		1 180							-	1 180	1 180	1 180
Amount spent on job creation												
Municipal Manager Ward committees												
	Number of functioning	924							-	924	924	924
Ward committees		0										
Council												
Public participation												
Insert measure's description	Amount spent on public	266							-	266	266	266
Sub-function 2 - (name)												
Insert measure's description									-	-	-	-
Sub-function 3 - (name)												
Insert measure's description									-	-	-	-

2.9 Contracts having future budgetary implications

In terms of the Okhahlamba Local Municipality Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.10 Capital expenditure details

The following three tables present details of the Municipal capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipal website.
 2. Internship programme
Okhahlamba is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Finance Department. Of the five interns one has been appointed permanently from January 2009. The remaining four have completed their two year contract on 28 February 2012, and extension for one year has been granted by National Treasury. Since the introduction of the Internship programme the City has successfully employed and trained 33 interns through this programme and a majority of them were appointed either in the City or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, National Treasury. Three additional interns have been appointed with effect from October 2013.
 3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
 4. Audit Committee
An Audit Committee has been established and is fully functional.
 5. Service Delivery and Implementation Plan
 6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
 7. MFMA Training
The MFMA training is ongoing.
 8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 19 March 2014. The ratios as prescribed in the Regulations have been complied with.
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2.12 Municipal manager's quality certificate

I, municipal manager of Okhahlamba Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Okhahlamba Local Municipality (KN 235)

Signature _____

Date _____
